## MACROECONOMIC IMPACT ON THE SOUTH AFRICAN ECONOMY OF DUTY-FREE EXPORTS TO THE UNITED STATES WHICH FALL UNDER GSP AND ITS EXTENSION TO AGOA

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CONTENTS	
	Page No
BACKGROUND	4
OBJECTIVE	6
METHODOLOGY	6
Semi-Closed Input-Output	6
Social Accounting Matrix (SAM)	7
IMPACTS ASCRIBED TO EXPORTS FALLING	
UNDER THE AGOA DURING 2001	8
Impact on Gross Domestic Product (GDP)	9
Impact on capital formation	10
Impact on employment	10
Impact on household income	11
Fiscal impact	11
Impact on the current account of the balance of payments	12
IMPACTS FOR THE PERIOD JANUARY 2002 TO	
MARCH 2002	13
Impact on Gross Domestic Product (GDP)	14
Impact on capital formation	14
Impact on employment	15
Impact on household income	15
Fiscal impact	15
Impact on the current account of the balance of payments	16

ANNEXURE A1:	MACROECONOMIC IMPACT OF THE TOTAL SA EXPORTS TO THE USA - IMPACT ON GDP (2001)	20
ANNEXURE A2:	MACROECONOMIC IMPACT OF EXPORTS UNDER AGOA - IMPACT ON GDP (2001)	21
ANNEXURE B1:	MACROECONOMIC IMPACT OF THE TOTAL SA EXPORTS TO THE USA - IMPACT ON LABOUR (2001)	23
ANNEXURE B2:	MACROECONOMIC IMPACT OF EXPORTS UNDER AGOA - IMPACT ON LABOUR (2001)	24
ANNEXURE C1:	MACROECONOMIC IMPACT OF THE TOTAL SA EXPORTS TO THE USA - IMPACT ON GDP (January 2002 to March 2002)	26
ANNEXURE C2:	MACROECONOMIC IMPACT OF EXPORTS UNDER AGOA IMPACT ON GDP (January 2002 to March 2002)	27
ANNEXURE D1:	MACROECONOMIC IMPACT OF THE TOTAL SA EXPORTS TO THE USA - IMPACT ON LABOUR (January 2002 to March 2002)	29
ANNEXURE D2:	MACROECONOMIC IMPACT OF EXPORTS UNDER AGOA IMPACT ON LABOUR (January 2002 to March 2002)	30

# THE MACROECONOMIC IMPACT OF SOUTH AFRICAN EXPORTS TO THE UNITED STATES WHICH FALL UNDER GSP AND ITS EXTENSION TO AGOA

#### 1. **BACKGROUND**

The African Growth and Opportunity Act (AGOA) is a new framework for United States trade, investment and development policy for sub-Saharan Africa. Through the AGOA, the United States of America (USA) aims to increase trade with sub-Saharan African countries. The most important aspect of AGOA is to allow these countries duty-free access to US markets. Additional exports for these countries will definitely help create healthier and more stable economies.

This report aims to quantify the macroeconomic impact of the duty-free access of <u>all</u> products provided for first by, the General System of Preferences (GSP) and, since 2001, extended and broadened access under AGOA. Thus, the report takes into account the impact of all products that fall under a preferential duty-free tariff program with the United States which includes the GSP as well as 1,834 additional items granted duty-free access by AGOA. In Table 1 a sectoral division of these products is given in comparison with the total South African exports to the USA for 2001. In addition, Table 2 provides similar detail on the products that fall under a preferential duty-free tariff program, for the period from January 2002 to March 2002.

Important to keep in mind is that, prior to 2001, many products exported from South Africa already qualified for duty-free access into the United States under GSP, but from 2001 these, and an additional 1,834 items, were granted duty-free access under the AGOA for a fixed period of 8 years up to 2008. Thus, when reference is made to AGOA in this report, it refers to all products that fall under a preferential duty-free tariff program (GSP plus an extended list of products under AGOA).

TABLE 1: SECTORAL DIVISION OF PRODUCTS AFFECTED BY THE AGOA DURING 2001 [constant 2001 Prices]

		Total US imports for local consumption		AGOA		AGOA as percentage
		In South African Rand (millions)	In US Dollars (millions)	In South African Rand (millions)	In US Dollars (millions)	of total
1	Agriculture	704	65	204	24	29.0%
2	Mining	204	19	0.5	0.1	0.2 %
3	Manufacturing					
	- Food processing	396	37	162	19	40.8%
	<ul> <li>Manufactured textiles goods</li> </ul>	1,946	181	288	33	14.8%
	- Basic metal products	19,581	1,821	2,421	281	12.4%
	- Transport equipment	2,948	274	2,542	295	86.2%
	- Other manufacturing	12,330	1,147	2,325	270	18.9%
	Total	38,108	3,544	7,943	923	20.8%

TABLE 2: SECTORAL DIVISION OF PRODUCTS AFFECTED BY THE AGOA FROM JANUARY 2002 TO MARCH 2002, ANNUALIZED (constant 2001 Prices]

	Total US imports for local consumption		AGOA		AGOA as percentage
	<b>In South African</b>	In US Dollars	In South	In US Dollars	of total
	Rand		<b>African Rand</b>		
	(millions)	(millions)	(millions)	(millions)	
1 Agriculture	536	48	42.4	36	79.30 %
2 Mining	168	16	-	-	0.00 %
3 Manufacturing					
- Food processing	256	24	4	-	0.90 %
- Manufactured textiles goods	1,792	156	532	48	29.80 %
- Basic metal products	15,056	1,320	2,588	228	17.20 %
- Transport equipment	5,144	452	4,920	432	95.70 %
- Other manufacturing	11,480	1,004	2,704	236	23.60 %
Total	34,432	3,020	11,172	980	32.50 %

Source:

The data for US imports from SA were obtained from the website <a href="dataweb.usitc.gov">dataweb.usitc.gov</a>. US\$ were converted at ZAR 8.60 for 2001 and ZAR 11.41 for 2002 calculated as an average over the first three months of 2002. The figures in Table 2 are only for one quarter, but annualized for comparison purposes.

## 2. **OBJECTIVE**

The objective of this study is to present the macroeconomic impacts of the AGOA on the South African economy for 2001 as well as the period from January 2002 to March 2002. In addition to the impact of the AGOA, the impacts of the total South African exports to the USA will also be analyzed.

Although the study period for the second portion of the project is from January 2002 to March 2002, all results pertaining to this exercise have been annualized to reflect impacts over twelve and not three months. This ensures that results from this report can be compared with other similar studies that are usually conducted on an annual basis, as well as National Accounts figures that are provided on an annual basis. Since South African exports overall, and especially exports under AGOA, are expected to rise over the course of 2002, this methodology is likely to underestimate the actual annual impacts.

#### 3. **METHODOLOGY**

## 3.1 **Semi-Closed Input-Output**

A Semi-Closed Input-Output Approach is used to quantify the direct and indirect effects with regard to the linkages of the AGOA. The Social Accounting Matrix (SAM) for South Africa, which was transformed into an economic model (the so-called semi-input-output model by Wang and Mullins<sup>1)</sup>), is the basis for the general economic equilibrium analysis. The SAM, however, differs from the traditional Input-Output Table in one important aspect. Apart from information on the interdependence among the different sectors taken up in the Input-Output Table, the SAM also includes detailed information on the income and spending patterns of households.

By making use of the Semi-Input-Output model with the SAM as basis, the direct, indirect and induced effects of the AGOA can be calculated. For example, the "direct effect" emanating from the AGOA, refers to the effect occurring within the relevant sectors which are affected by the AGOA; while the "indirect effects" refer to those effects occurring in the different economic sectors (which link backwards to the sectors affected by the AGOA due to the supply of intermediate inputs). The "induced effect" on the other hand, refers to the chain reaction triggered by the salaries and profits (less retained earnings) that are ploughed back into the economy in the form of private consumer spending. The relevant salaries and profits emanate from the sectors which are exporting under the AGOA as well as the sectors which are linked to the first mentioned sectors.

Wang, T.F. & Mullins, D, The Model of Income Distribution, Employment, and Growth for South Africa: A Semi-Closed Input-Output Approach, Studies in Economics and Econometrics, Bureau for Economic Research and US Business School, November 1988.

The analysis will be done for the standard economic aggregates, namely:

- Impact on Gross Domestic Product (GDP)
- Capital utilization
- Employment impact
- Impact on the poor (Income distribution)
- Fiscal impact
- Balance of payments impact

### 3.2 **Social Accounting Matrix (SAM)**

For purposes of analyzing the national impact of the AGOA, a 2000 SAM formed the basis of the analysis. This SAM was compiled by Conningarth Economists to incorporate the inflation and technology changes that have occurred since the publication of the last official SAM in 1988. The sectoral component of this completely updated SAM was based on the Supply and Use Tables for 1998 recently compiled by Statistics South Africa.

### 3.2.1 Why use a SAM model

- It is an extension of the existing national accounting system of the economy. Consequently, the disaggregated components of national accounting aggregates featured in the SAM must add up to the official data totals provided by the South African Reserve Bank and Statistics South Africa.
- In contrast with the standard macro-econometric models, the SAM model provides additional information on the nature and magnitude of important economic linkages between various institutions in the economy. For example, procurement activities of a large number of industrial sectors; the flows of imports of goods and services for private consumption, investment and production purposes; financing of fixed investment with savings by industries, consumers and the government; labour requirements by various producing entities such as private industries and government and expenditure and saving activities of various income groups.
- Because of its sectoral orientation, the SAM model is most suitable for the purpose of quantifying AGOA's impact on the South African economy. Changes in export volumes and compositions to the USA, for whatever reason, can be fed into

the SAM model as an exogenous influence to determine its impact on important economic aggregates such as employment, GDP, household income, etc.

As mentioned above, the most important component of a SAM, and which distinguishes it from the Input-Output Table, is the more detailed information on household income and expenditure patterns. In this area, appropriate use was made of the 1996 population census. Statistics South Africa (Stats SA) helped with the compilation of the necessary tailor-made cross-tabulations to be used for the SAM. Given the new Use and Supply Tables, as well as the availability of more recent information from the 1996 population census, it is believed that the new SAM sufficiently and accurately reflects the current economic situation and structure in South Africa, and forms the necessary basis to determine the economic impacts of this project.

In order to obtain the highest measure of accuracy and realism possible, suitable disaggregation was performed on the SAM to ensure that all sectors, which are impacted by the AGOA, are taken into account.

## 4. IMPACTS ASCRIBED TO EXPORTS FALLING UNDER THE AGOA DURING 2001

In Tables 3a and 3b the macroeconomic impacts of the total South African exports to USA and the AGOA portion respectively, are given. This represents a summary of the direct, indirect and induced effects of total USA exports and the AGOA for 2001. The sectoral details for GDP and labour requirements are provided in Annexure A and B.

TABLE 3a: MACROECONOMIC IMPACT OF THE TOTAL SA EXPORTS TO THE USA (2001)
[R million, constant 2001 Prices]

	Direct	Indirect	Induced	Total
	impact	impact	impact	impact
Impact on Gross Domestic Product (GDP)	13,306	15,989	19,804	49,099

Impact on capital formation	30,056	36,188	40,597	106,841
Impact on employment [numbers]	94,859	80,607	117,258	292,724
Impact on households				
<ul> <li>Low income households</li> </ul>				6,885
- Total households				34,325
Fiscal impact				12,721
Impact on the balance of payments				22,468

TABLE 3b: MACROECONOMIC IMPACT OF THE AGOA (2001) [R million, constant 2001 Prices]

	Direct	Indirect	Induced	Total
	impact	impact	impact	impact
Impact on Gross Domestic Product (GDP)	2,429	3,498	4,077	10,005
Impact on capital formation	5,126	7,160	8,355	20,641
Impact on employment [numbers]	19,395	18,835	24,150	62,380
Impact on households				
<ul> <li>Low income households</li> </ul>				1,403
- Total households				7,068
Fiscal impact				2,680
Impact on the balance of payments				4,612

## 4.1 Impact on Gross Domestic Product (GDP)

The impact on GDP reflects the magnitude of the gross value added per annum to the South African economy of those exports that fall under the ambit of AGOA. Value added consists of three elements namely –

- Remuneration of employees
- Gross operating surplus
- Net indirect taxes

According to Table 3a the impact of the total South African exports to the USA on the South African GDP amounts to R49.1 billion. This number is relative to a total GDP of R975 billion implying that exports to the USA account for approximately 5 % of domestic output directly and indirectly. One could therefore deduce that the impact of the AGOA represents  $\pm$  20.4 % of the impact on GDP of total South African exports to the USA.

According to Table 3b, exports falling within the framework of AGOA were responsible for the generation of R10.0 billion in 2001 in terms of GDP. Of this amount, approximately R2.4 billion was directly created by these aforementioned industries.

#### 4.2 Impact on capital formation

For any economy to operate at a certain level, an amount of investment is needed to support such level of activity. Capital, together with labour and entrepreneurship form the basic productive factors needed for production in the economy. Obviously the effectiveness and efficiency with which these factors are combined, will demonstrate the overall level of productivity/profitability of the production process. The latter in turn will depend on a whole array of factors of which the appropriate technology and skills content of the labour force are the two important ones.

Capital stock of approximately R20.6 billion will be required annually to produce the commodities exported under the AGOA umbrella. Thus, the total amount of capital stock that will be "occupied" for purposes of producing above-mentioned commodities, will be R20.6 billion. However, it should be kept in mind at this stage that the capital stock referred to above, takes into account the production of all intermediate commodities produced in South Africa required by industries exporting under the AGOA framework.

From Table 3b it now becomes apparent that, of the total capital requirement of R20.6 billion, approximately 24 % is required by the industries that have the potential to utilize the AGOA. The remaining 76 % can be regarded as the capital consisting of buildings, machinery and equipment utilized in industries supplying intermediate inputs to the industries falling under the AGOA, as well as the indirect capital, referred to as induced capital, employed to sustain the additional consumption expenditure by households. Thus, production increases to satisfy the expanded need for commodities and services demanded by households in the form of private consumption expenditure, triggered by increases in salaried employees and profits. These increased levels of production also require capital stock to be sustained.

#### 4.3 Impact on employment

Labour together with capital and entrepreneurship, form the primary productive factors required for economic production. The manpower requirements in terms of numbers, are shown in the tables above. It is apparent that approximately 62,380 direct, indirect and induced job opportunities now fall under the AGOA regime. Of this number nearly 19,395 are directly employed by industries exporting to the USA under AGOA. Important to note is the significant impact that the induced impact has on employment. This relates to, amongst others, impacts on for example the demand for food and clothing (that use labour intensive production methods), which emanates from the increase in salaried workers in the economy and the corresponding consumer expenditure increases.

#### 4.3.1 Labour/Capital Intensities

One important feature that came to the fore with the quantitative exercise, is contained in Tables 3a and 3b. This involves the level of labour and capital intensity associated with the products that fall under the ambit of AGOA. Dividing the employment and capital investment figures in Tables 3a into each other, a capital/labour ratio of 2.74 transpires for the total exports to the USA. Repeating the same exercise with the relevant data in Table 3b provides a ratio of 3.0. This signifies that exports falling under the ambit of AGOA are more labour intensive on average – which is a positive feature in terms of the South African unemployment situation.

## 4.4 Impact on household income

Table 3b quantifies the magnitude of the annual income for all households that are dependent on those industries that export to the USA under the AGOA framework. The impact on household income amounts to almost R7.0 billion per annum of which close to 20 % is destined for low-income households. A low-income household is defined as one that earns below R31,000 per annum (2001 prices) (for purposes of this study). Nearly 70 % (6.8 million households) of the South African population falls into this income category. The additional income for the low income households emanating from exports that falls under AGOA amounts to about R206 per household per annum.

## 4.5 **Fiscal impact**

According to the South African National Accounts (as published by the Reserve Bank of South Africa), the current income of the government comprises of the following components:

- Income from property
- Current transfers receivable from households
- Current transfers from incorporated business enterprises
- Transfers from the rest of the world
- Current taxes on income and wealth
- Taxes on production and imports
- Subsidies

For purposes of the construction of the SAM the above-mentioned have been combined and categorized as set out in Table 4.

Various fiscal income components are resulting from exporting under the AGOA framework as reflected in Table 4.

TABLE 4: IMPACT OF EXPORTS UNDER AGOA ON SOUTH AFRICAN GOVERNMENT REVENUE (2001)
[R millions, constant 2001 Prices]

1.	Property income	119
2.	Transfers	24
3.	Direct tax	1,411
4.	Indirect tax	1,231
5.	Subsidies	-104
TOT	ΓAL	2,680

The current South African government revenue is in the order of R274 billion. The exports that fall sunder AGOA contributes therefore more than 1 percent of the government revenue.

### 4.6 Impact on the current account of the balance of payments

The net impact of exports to the USA that fall under AGOA on the current account of the balance of payments amounts to R4.6 billion annually. This net impact is calculated by subtracting the total import "leakage" throughout the whole South African economic system from these exports as shown in Table 5.

TABLE 5: IMPACT ON THE SOUTH AFRICAN CURRENT ACCOUNT OF THE BALANCE OF PAYMENTS (2001)
[R millions, constant 2001 Prices]

Exports	7,943
Total import leakage	3,330
Net impact on the Balance of Payments	4,613
Net impact as percentage of exports	58.1%

Import leakages indicated above refer to imports that are needed in the production chain, directly and indirectly, to produce the exports. An example of this is the imported amount of material that is needed to produce the clothes that are exported. The figure of R3,330 million quoted above is produced by the semi-closed-input-output model that was used for purposes of this study and takes into account the direct, indirect and induced impacts of industries exporting to the USA under the AGOA auspices.

#### 5. IMPACTS FOR THE PERIOD JANUARY 2002 TO MARCH 2002

In Tables 6a and 6b the macroeconomic impacts of the total South African exports to USA and the portion falling under the AGOA umbrella respectively, are provided for the first three months of 2002. However, as stated previously, results have been annualized by multiplying the quarterly results by four to reflect the impact over a year. This represents an estimate of the expected direct, indirect and induced effects of total exports to the USA and the exports that resort under AGOA for 2002. The sectoral details for GDP and labour requirements are provided in Annexure C and D.

TABLE 6a: MACROECONOMIC IMPACT OF THE TOTAL SA EXPORTS TO THE USA

(January 2002 to March 2002 - annualized)

(January 2002 to March 2002 - annualized) [R million, constant 2001 Prices]

	Direct	Indirect	Induced	Total
	impact	impact	impact	impact
Impact on Gross Domestic Product (GDP)	11,835	14,481	17,887	44,203
Impact on capital formation	24,710	31,617	36,663	92,990
Impact on employment [numbers]	83,236	72,995	105,904	262,135
Impact on households				
- Low income households				6,195
- Total households				31,003
Fiscal impact				11,515
Impact on the balance of payments				20,215

TABLE 6b: MACROECONOMIC IMPACT OF THE EXPORTS THAT RESORT UNDER AGOA

(January 2002 to March 2002 - annualized) [R million, constant 2001 Prices]

	Direct	Indirect	Induced	Total
	impact	impact	impact	impact
Impact on Gross Domestic Product (GDP)	3,334	4,940	5,744	14,018
Impact on capital formation	6,447	9,553	11,769	27,768
Impact on employment [numbers]	29,809	25,675	34,021	89,505
Impact on households				
- Low income households				1,967
- Total households				9,956
Fiscal impact				3,782

Impact on the balance of payments				6,451
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The figures in both tables above have therefore been annualized to provide an estimate of the impact of for the full calendar year of 2002<sup>2</sup>.

### 5.1 Impact on Gross Domestic Product (GDP)

The impact on GDP reflects the magnitude of the value added per annum in the South African economy attributed to those industries that export to the USA.

According to Table 6a the estimated impact of total South African exports to the USA on the South African GDP amounts to R44.2 billion in 2002 compared to the R14.0 billion of those exports falling under the AGOA framework (Table 6b). Thus, almost 32% of the total export impact on the GDP can be related to those industries that now fall under the jurisdiction of the AGOA (compared to 20 % in 2001).

## 5.2 Impact on capital formation

Capital stock of approximately R27.8 billion will be required in 2002 to produce the commodities exported under the AGOA regime. Thus, the total amount of capital stock that will be "occupied" for purposes of producing the abovementioned commodities, will be R27.8 billion. However, it should be kept in mind at this stage that the capital stock referred to above, takes into account the local production of all intermediate products and services required by industries exporting under the AGOA framework.

Of the R27.8 billion required annually to produce the commodities exported and classified to fall under the AGOA, R6.5 billion will be required by the exporting industries directly.

Important to note is that a major portion of the indirect capital, referred to as induced capital, is employed to sustain the additional consumption expenditure by households. Thus, production will increase to satisfy the need for commodities and services demanded by households in the form of an increase in private consumption expenditure, made possible by increases in employment and

Using the first quarter of 2002 in annualized form as a proxy for the full year 2002, it is accepted that the level of exports for the remaining nine months will be very similar to that of the first three months. As already been mentioned, by annualizing the first quarter's impact, it is likely that the results shown in Table 6b is an underestimation of the impact if real exports for 2002 were taken. Further it is also important to take cognizance of the fact that the US economy is currently experiencing a downturn. The deduction could therefore be made that the implementation of AGOA to a large extent countered the deteriorating market conditions in the USA.

profits. These increased levels of production also require capital stock to be sustained.

#### 5.3 **Impact on employment**

The manpower requirements in terms of numbers, are shown in the tables above. Approximately 89,505 direct, indirect and induced job opportunities will be supported by industries presently exporting under the AGOA framework in 2002. Of this amount 29,801 are directly employed by the exporting industries.

## 5.4 Impact on household income

The impact of the industries presently exporting under the AGOA framework on household income amounts to close to R10 billion per annum of which approximately 20 % will be destined for low-income households.

## 5.5 **Fiscal impact**

The fiscal impact is summarized in Table 7.

TABLE 7: FISCAL IMPACT OF EXPORTS UNDER AGOA ON SOUTH AFRICAN GOVERNMENT REVENUE (January 2002 to March 2002 – annualized)
[R millions, constant 2001 Prices]

1.	Property income	164
2.	Transfers	33
3.	Direct tax	1,979
4.	Indirect tax	1,741
5.	Subsidies	-134
TOT	CAL	3,782

#### 5.6 Impact on the current account of the balance of payments

The net impact on the current account of the balance of payments will amount to R6.5 billion annually. This net impact is calculated by subtracting the total import leakage throughout the whole South African economic system from the exports that now are categorized to fall under the AGOA umbrella.

TABLE 8: IMPACT ON THE SOUTH AFRICAN CURRENT ACCOUNT OF THE BALANCE OF PAYMENTS (JANUARY 2002 TO MARCH 2002 – annualized)
[R millions, constant 2001 Prices]

Exports	11,171
Total import leakage	4,720
Net impact on the Balance of Payments	6,451
Net impact as percentage of exports	57.7%

Import leakages provided above refer to imports that take place in the production chain, directly and indirectly, to produce the exports. An example of this is the imported material that is needed to produce the clothes that are exported. The figure of R4,720 million quoted above is calculated by the semi-closed-input-output model that was used for purposes of this study and takes into account the direct, indirect and induced impacts on imports.

#### 6. **CONCLUSIONS**

6.1 Using the adjusted SAM model to determine the impact of South African exports to the USA in total vs. only the products that fall under the AGOA's jurisdiction – on the local economy, the following interesting results were obtained:

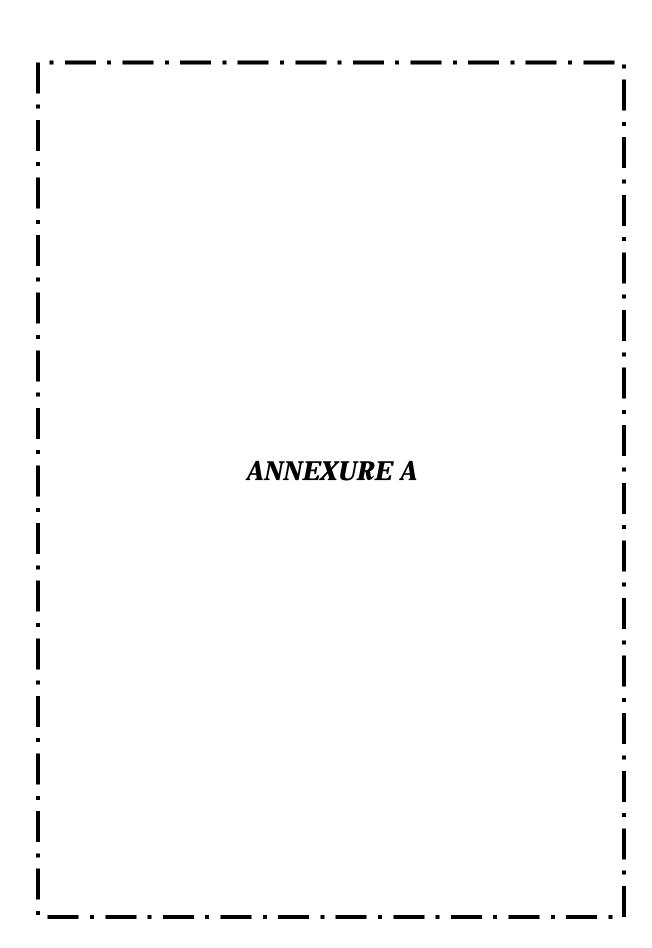
#### 2001

 Total exports to the USA in 2001 created GDP of approximately R50 billion. Of that amount R20 billion should be attributed to that portion of exports that fall under the jurisdiction of the AGOA. The same relative proportions were obtained for the impacts on capital formation, employment and the impact on lowincome households.

- Both the fiscal impact and the impact on the current account of the balance of payments were positive.
- It is also important to note that the industries exporting to the USA under the auspices of the AGOA, are more labour intensive than the non-AGOA exporters.

#### 2002

- A comparison of the export levels of 2001 and 2002, showed up the fact that the AGOA portion of the total exports to the USA increased notably (from 20 % to 30 %).
- Again the net effects of both total exports and the AGOA portion for the balance of payments and the fiscus were positive for 2002.
- When interpreting the results of the study, it is important to take note of the fact that some of the exports now falling under the AGOA framework, previously fell under the Generalized System of Preferences (GSP). Consequently, increases in exports of these products since the beginning of 2001, would probably have taken place in any event. However, from the results it is evident that the exports to the USA in general and those exports specifically falling under the jurisdiction of AGOA, make a significant contribution to the South African economy. This is obvious if the impact on employment is considered. According to the analysis of 2001, exports under AGOA, support directly and indirectly in the order of approximately 38 000 job opportunities. If the induced impact is added the number in even higher.
- 6.3 To determine exactly the extent to which the AGOA may have contributed to the increase in the affected products would require in-depth industry costing studies. In other words, to determine the extent that lowering of tariffs by the USA (apart from possibly the devaluation of the Rand and other cost lowering factors) have prompted industrialists to export more to the USA (and not diverting existing exports from other markets).

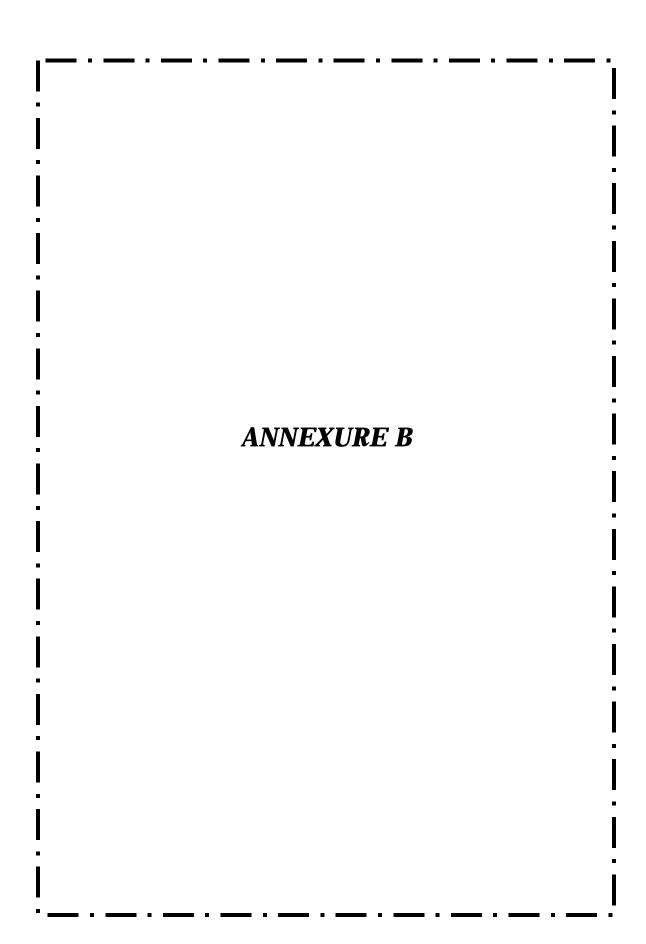


ANNEXURE A1
MACROECONOMIC IMPACT OF THE TOTAL SA EXPORTS TO THE USA (2001)
Impact on the Gross Domestic Product (GDP)
[R millions, constant 2001 prices]

		Impact on Gross Domestic Product (GDP)				
		Direct	Indirect	Induced	Total	Percentage
1		impact	impact	impact	impact	(Total)
1	Agriculture	390	302	1,194	1,886	3.8%
2	Mining	110	1,219	153	1,482	3.0%
3	Manufacturing					
	<ul> <li>Manufactured textile goods</li> </ul>	635	208	298	1,141	2.3%
	- Basic metal products	6,419	845	63	7,327	14.9%
	- Transport equipment	690	125	155	971	2.0%
	- Other manufacturing	5,063	1,915	3,219	10,197	20.8%
4	Electricity & water	-	1,593	861	2,454	5.0%
5	Construction	-	83	89	171	0.3%
6	Trade & accommodation	-	3,218	3,299	6,517	13.3%
7	Transport & communication	-	2,466	2,630	5,096	10.4%
8	Financial & business services	-	2,847	6,198	9,045	18.4%
9	Community services	-	1,167	1,646	2,813	5.7%
	Total	13,306	15,989	19,804	49,099	100%

ANNEXURE A2
MACROECONOMIC IMPACT OF EXPORTS UNDER AGOA (2001)
Impact on the Gross Domestic Product (GDP)
[R millions, constant 2001 prices]

		Impact on Gross Domestic Product (GDP)				
		Direct	Indirect	Induced	Total	Percentage
		impact	impact	impact	impact	(Total)
1	Agriculture	113	96	246	456	4.4%
2	Mining	0	191	31	222	2.1%
3	Manufacturing					
	- Manufactured textile goods	97	38	61	197	1.9%
	- Basic metal products	794	143	13	949	9.1%
	- Transport equipment	595	84	32	712	6.8%
	- Other manufacturing	1,024	493	786	2,303	22.1%
4	Electricity & water	-	248	177	425	4.1%
5	Construction	-	18	18	36	0.3%
6	Trade & accommodation	-	896	679	1,575	15.1%
7	Transport & communication	-	472	542	1,014	9.7%
8	Financial & business services	-	654	1,276	1,930	18.6%
9	Community services	-	241	339	580	5.6%
	Total	2,624	3,575	4,200	10,399	100%

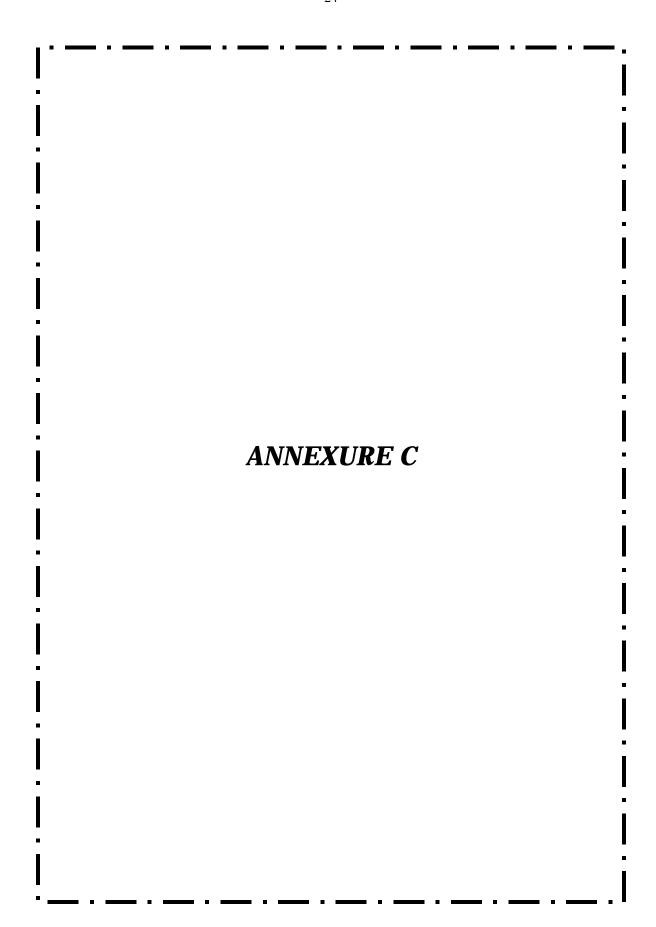


ANNEXURE B1
MACROECONOMIC IMPACT OF THE TOTAL SA EXPORTS TO THE USA (2001)
Impact on Labour

	Impact on Labour						
		Direct	Indirect	Induced	Total	Percentage	
		Impact	impact	impact	impact	(Total)	
1	Agriculture	13,274	10,301	40,687	64,263	22.0%	
2	Mining	673	7,660	959	9,293	3.2%	
3	Manufacturing						
	- Manufactured textile goods	11,749	2,919	5,467	20,135	6.9%	
	- Basic metal products	35,226	4,638	346	40,210	13.7%	
	- Transport equipment	3,765	684	845	5,294	1.8%	
	- Other manufacturing	30,171	11,975	17,821	59,967	20.5%	
4	Electricity & water	-	2,971	1,607	4,578	1.6%	
5	Construction	-	1,351	1,463	2,814	1.0%	
6	Trade & accommodation	-	19,016	19,102	38,118	13.0%	
7	Transport & communication	-	8,999	8,418	17,416	5.9%	
8	Financial & business services	-	8,228	17,912	26,139	8.9%	
9	Community services	-	1,866	2,631	4,497	1.5%	
	Total	94,859	80,607	117,258	292,724	100%	

ANNEXURE B2
MACROECONOMIC IMPACT OF EXPORTS UNDER AGOA (2001)
Impact on Labour
[numbers, 2001]

	Impact on I	Labour			
	Direct	Indirect	Induced	Total	Percentage
	impact	impact	impact	impact	(Total)
1 Agriculture	3,856	3,287	8,384	15,527	24.9%
2 Mining	5	1,185	197	1,387	2.2%
3 Manufacturing					
- Manufactured textile goods	1,957	540	1,127	3,624	5.8%
- Basic metal products	4,356	782	71	5,209	8.4%
- Transport equipment	3,247	459	174	3,880	6.2%
- Other manufacturing	5,974	2,570	3,670	12,215	19.6%
4 Electricity & water	-	463	329	793	1.3%
5 Construction	-	291	301	592	0.9%
6 Trade & accommodation	-	5,301	3,934	9,235	14.8%
7 Transport & communication	-	1,680	1,733	3,413	5.5%
8 Financial & business services	-	1,891	3,688	5,579	8.9%
9 Community services	-	385	541	927	1.5%
Total	19,395	18,835	24,150	62,380	100%



ANNEXURE C1
MACROECONOMIC IMPACT OF THE TOTAL SA EXPORTS TO THE USA (January 2002 to March 2002)
Impact on the Gross Domestic Product (GDP)
[R millions, constant 2001 prices]

		Impact on Gross Domestic Product (GDP)				
		Direct	Indirect	Induced	Total	Percentage
		impact	impact	impact	impact	(Total)
1	Agriculture	293	249	1,078	1,620	3.7%
2	Mining	91	992	138	1,221	2.8%
3	Manufacturing					
	- Manufactured textiles goods	583	196	269	1,048	2.4%
	- Basic metal products	4,936	746	57	5,739	13.0%
	- Transport equipment	1,205	187	140	1,532	3.5%
	- Other manufacturing	4,728	1,709	2,907	9,344	21.1%
4	Electricity & water	-	1,299	777	2,076	4.7%
5	Construction	-	74	80	154	0.3%
6	Trade & accommodation	-	3,202	2,979	6,181	14.0%
7	Transport & communication	-	2,118	2,375	4,493	10.2%
8	Financial & business services	-	2,659	5,599	8,259	18.7%
9	Community services	-	1,048	1,487	2,535	5.7%
	Total	11,835	14,481	17,887	44,203	100%

ANNEXURE C2
MACROECONOMIC IMPACT OF EXPORTS UNDER AGOA (From January 2002 to March 2002)
Impact on the Gross Domestic Product (GDP)
[R millions, constant 2001 prices]

		Impact on Gross Domestic Product (GDP)					
	Direct	Indirect	Induced	Total	Percentage		
	impact	impact	impact	impact	(Total)		
1 Agriculture	232	89	347	668	4.8%		
2 Mining	-	220	44	265	1.9%		
3 Manufacturing							
- Manufactured textiles goods	190	71	87	347	2.5%		
- Basic metal products	849	188	18	1,055	7.5%		
- Transport equipment	1,153	159	45	1,356	9.7%		
- Other manufacturing	911	566	934	2,411	17.2%		
4 Electricity & water	-	301	248	550	3.9%		
5 Construction	-	25	26	51	0.4%		
6 Trade & accommodation	-	1,432	957	2,389	17.0%		
7 Transport & communication	-	613	763	1,376	9.8%		
8 Financial & business services	-	948	1,798	2,747	19.6%		
9 Community services	-	327	477	804	5.7%		
Total	3,334	4,940	5,744	14,018	100%		

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ANNEXURE D1

MACROECONOMIC IMPACT OF THE TOTAL SA EXPORTS TO THE USA (From January 2002 to March 2002)

Impact on Labour [numbers, 2002]

	Impact on I	Labour			
	Direct	Indirect	Induced	Total	Percentage
	impact	impact	impact	impact	(Total)
1 Agriculture	9,975	8,487	36,748	55,211	21.1%
2 Mining	557	6,249	866	7,672	2.9%
3 Manufacturing					
- Manufactured textile goods	3,472	2,432	1,632	7,535	2.9%
- Basic metal products	27,089	4,097	313	31,498	12.0%
- Transport equipment	6,570	1,021	763	8,354	3.2%
- Other manufacturing	35,573	11,140	19,401	66,114	25.2%
4 Electricity & water	-	2,424	1,450	3,874	1.5%
5 Construction	-	1,218	1,321	2,539	1.0%
6 Trade & accommodation	-	18,928	17,252	36,179	13.8%
7 Transport & communication	-	7,639	7,601	15,239	5.8%
8 Financial & business services	-	7,685	16,182	23,867	9.1%
9 Community services	-	1,675	2,377	4,052	1.5%
Total	83,236	72,995	105,904	262,135	100%

ANNEXURE D2
MACROECONOMIC IMPACT OF EXPORTS UNDER AGOA (From January 2001 to March 2002)
Impact on Labour
[numbers, 2002]

	Impact on Labour					
		Direct	Indirect	Induced	Total	Percentage
		impact	impact	impact	impact	(Total)
1	Agriculture	7,911	3,041	11,813	22,765	25.4%
2	Mining	-	1,369	278	1,647	1.8%
3	Manufacturing					
	- Textiles	4,222	995	1,588	6,804	7.6%
	- Basic metal products	4,657	1,031	100	5,788	6.5%
	- Transport equipment	6,286	865	245	7,397	8.3%
	- Other manufacturing	6,733	3,517	5,169	15,419	17.2%
4	Electricity & water	-	562	464	1,026	1.1%
5	Construction	-	417	424	841	0.9%
6	Trade & accommodation	-	8,477	5,541	14,018	15.7%
7	Transport & communication	-	2,136	2,439	4,575	5.1%
8	Financial & business services	-	2,741	5,197	7,938	8.9%
9	Community services	-	523	763	1,286	1.4%
	Total	29,809	25,675	34,021	89,505	100%